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# **AMERICAN BUSINESS OBJECTIVES**

*By*

**JULIUS H. BARNES**





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*AN ADDRESS*

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## AMERICAN BUSINESS OBJECTIVES

**T**HE city of Cleveland typifies in the public mind those qualities of imaginative vision, common sense practicality, industrial energy and community loyalty which build American centers of population, fast or slow. Cities showing such virile growth as Cleveland must possess, besides favoring conditions of location, other energizing factors. Not the least potent of these is the possession of civic and community organizations alert and persistent in the interest of their community.

Cleveland has been fortunate in having such organizations, and particularly fortunate in the effective leadership of its Chamber of Commerce. It is an old truth that intelligent and loyal team play advances a community just as it furthers a cause. It is typically American that such organizations provide the forum for debate which harmonizes conflicting views, and also provide the focal point for effective effort.

In the completion of this business center the city of Cleveland may take just pride. It is an imposing monument to the energy and skill of those who projected and built it,—a vision transmuted by toil into steel and masonry.

But it is much more than a thing of sticks and stones. For many generations, probably, it will bespeak the unity of effort, the accommodation of many minds to one large design, the direction of diverse activities to the attainment of a single end. In this sense, too, it is a civic accomplishment.

Even more than this,—behind it is an enlarging social purpose in which, after all, lies the real measure of its value. Those who planned it and the artists and the artisans who fashioned it were building for the comfort, convenience and satisfaction of the countless thousands who will use it. From this latter viewpoint, sturdy as it may be, we must of necessity regard it as temporary,—as the tangible effort of this day, within the limitations that hedge about its resources, to meet a demand that never can be satisfied. Long after it has crumbled or after it has given way, perhaps, to an ever greater structure, the struggle to improve the environ-

ment in which we live and to make the world a pleasanter place will go on.

**H**ERE, then, we have crystallized in monumental form an economic philosophy that is typically American. What is true of this center is true, by and large, of all our industry. It has developed its creative facilities on the colossal scale necessary to the accomplishment of so large an undertaking. It brings to the doing of huge tasks the work of many hands to add to the comfort of many men.

This center owes its existence to no one individual nor is dedicated to the glory of a single name, like many monumental structures around whose majestic ruins the sands of the desert now blow. It embodies the vision of leadership, the design of the architect, the skill of the artisan, the toil of the laborer, the research of the scientist, the calculation of the engineer and the thrift of the investor. Without one or the other of these it never could have been brought under roof. Some could not stand by idle while others toiled.

To industry in America the same inexorable rule can be applied. It has coordinated

and directed the effort of many men and many minds to the performance of huge economic tasks. It has enlarged enormously its scale of operations. But at the same time it has enlarged correspondingly its responsibilities. It cannot continue in the way of accomplishment if some are idle. Its well-being exists only in the well-being of those who contribute to its activities. Unemployment is not merely the misfortune of the few. It is an economic affliction from which we all suffer. It means a lowering of industrial vitality, a halting of the greater economic service we have come to demand from industry,—a step backward toward that mode of living in which achievement was limited to the capacity of the individual to supply his own wants.

It is fresh in your minds that this structure replaces the outworn and outgrown buildings of an earlier generation. They were in their day also the pride of progress now displaced. In their lifetime they also housed, beyond question, the qualities of far-flung vision, of limitless aspiration. They witnessed days of disappointment and discouragement. They saw the fast or slow solution of perplexities and problems of that day unending-



ly present themselves, then as always, to those who lead in the industrial or community or individual advance.

**T**HAT is the way of human progress. Tradition and sentiment are great forces which must be reckoned with, yet they must yield to inevitable progress. So also in its successive stages progress finds its stewardship in the hands of successive generations of men. Each carries forward the standards of human welfare by its own methods influenced by its own environment. No generation may harshly judge the standards or records of its forbears except in the light of conditions under which that earlier stewardship was discharged. In this way are human practices perfected and human aspirations lifted to greater heights.

And, in the long view, through such successive stages men have struggled steadily forward to an increasingly righteous day. So also, in the main, the book of history, thus written, though with sad chapters and bloody, nevertheless has been a record of advancing social justice in step with advancing economic progress. The earnings of healthy industry have been the base for a

new security of living, a lessened dread of sickness, a pushing back a little farther of the ending of the human span.

**A**CHIEVEMENT in industry is not written in balance sheets alone. It has lifted the standard of living to levels offering widened access to education, travel and culture. Its success is written as well in health statistics and mortality tables, in the expanding enrollment of pupils in the public schools, in the increasing flow of trained minds from our universities and technical schools, in vast philanthropies to reduce distress and suffering.

Along all these avenues of human progress America has, in its short span of national life, shown a distinct leadership. In the process of converting natural resources to practical human use, its preeminence has been unchallenged. In the translation into service of the products of fields, forests and mines, and pools of oil,—in the harnessing for use of the wasting energy of its running streams, it has today the chapter of distinction that here one-fifteenth of the world's population performs one-half of the annual labor of the

world. In the field of education, the universal public school is matched nowhere in the world. Relieved of the economic pressure which makes elsewhere workers at early years, American records a high school enrollment averaging almost 60 per cent of all the children of high school age. Further, America points to the enrollment in advanced institutions of more young minds in training than in all the rest of the world put together.

We must remember that here in America a new race drawn from the four corners of the world faces the necessity of writing its own history. Habits and customs and traditions developed in 2,000 years of an older civilization must be here readapted to the conditions of the new land developing its own economic and social practices. There is here almost a clean page of history to be recorded by America's successive generations. What will it be in the long years to come? Men change, customs change, ideals, standards and practices change. The eternal need is that, under shifting environment and new conditions, there shall be preserved certain age-old human qualities on which alone can safely rest national progress and social evolution. Those qualities must be appreciated

and interpreted for the past in the light of their earlier environment. If they are to be preserved under a new and complex social structure for the future they must be the embodiment of the best aspiration of all our people.

**T**HE early pioneer, standing sturdily on his own courage and resourcefulness, wrested his new home from the aborigines by ruthless methods. The western frontiers were pushed generation by generation across America at the price of bloody struggles. Those generations were succeeded by a social order that welcomes disarmament with all the world.

The early frontier, lacking the orderly process of courts and public order, maintained its own rude justice by its own strong hands. That has been succeeded by a social order that rests on public confidence in established tribunals, supplemented by the spreading growth of simple arbitration of manifold trade disputes. Changed practices to meet altered conditions.

The era of national development was an era of exploitation by strong men with ruth-

less methods. Nature could have been subdued only by strong wills. The early days of standards by which preference and opportunity was the result of political influence exercised free of restraint, has been superseded by a keener public conscience.

So, in industry, today, we have an era of genius in organization, an era of organized productive effort by machine, power and invention. The rising tide of production flowing from such quickened industry steps into America's myriad homes, raising the level of family life.

Manifestly, so complex and intricate a structure is constantly exposed to maladjustments, living is no longer the simple satisfying of elementary requirements of food, shelter and clothing. Living standards are based instead on almost universal possession of the telephone, the radio, the automobile. It is manifestly subject to dislocations which would not be associated with living levels barely above the primary instincts of barbarism.

There will be sentimentalists who question the value of a social order equipped with the facilities which thus quicken the pace of liv-

ing—but also accompanied, do not forget, by all the evidences of a lengthening radius of accessible friendships, of widening travel and culture, lessening illness and clearly deferred deaths. The problem should not be today a question of the value of the achievement of modern industry and the intricacy of the social structure, but rather to realize the precious value of these achievements in terms of human security and happiness. The note should not be one of hesitation or a discussion of retreat, but rather a clarion call that the same qualities of leadership shall be devoted to perfecting the machine under which these advances have been made.

In an older age, the crusading spirit sent Old World explorers on their daring efforts to plant the standards of their peoples in vast new world areas, claimed by right of discovery. Those same qualities can be enlisted today to perfect with sound judgment, business ventures projected on local or on world-wide scale, behind whose ramparts may rest secure the orderly healthful living of whole peoples.

There lies ahead in the last analysis exactly the field of business and human opportunity which should enlist great qualities.

This complex civilization, with its manifest advance in living standards, is the product of the genius of a generation of men who eventually will yield their leadership to a new and more youthful stewardship.

**T**ODAY, we stand perhaps near the sunset of that generation of men who by qualities of leadership rose from levels of early privation. Even today in any gathering of present captains of industry, probably nine out of ten advanced to individual leadership without the aid of birth, or station, or family fortune. These individual qualities of leadership wherever found are the real wealth of America. They must be preserved through the new conditions which clearly march upon us.

This present generation of industrial leaders who have carved their own fortunes, who have been the masters of their own careers, is rapidly becoming a generation of grayer-hair and slower-step. Behind it, in leadership, comes an increasing dilution drawn from secure homes in which youth has not directly felt the sharp spur of necessity. To what impulses will they respond? In this easier American day to come, what will develop in them the qualities of persistence,

courage, resourcefulness and daring and accompany those pioneer qualities with human understanding and with a devotion to even-handed justice, more than ever necessary?

Mere acquisition of wealth alone will in those whose early days have not felt the pressure of privation, exercise less driving power than other motives. It is inherent in the altruism of youth that there should be an unusual appeal in social questions. Shall we leave these youths to form their ideals and objectives from academic theory, or shall we show them that in the driving ferment of business a high ideal to both ability and character? Shall we let our teaching be colored with the easy theory of cure the state with all its enervating influence, or shall we try to inculcate in them something of the rugged individuality of America's early days with its fairer and more virile philosophy? In these later days when mere possession of wealth may no longer be the early stamp of superior ability, we must set in motion other measures by which the achievement of a new generation may enlist the approval of their fellow-men, demonstrated as a great force to govern human action.



We must further that rugged philosophy that believes that individuality must be allowed the greatest freedom for decision and action and that government should be primarily only the umpire to preserve fair play.

**C**ONSIDER, for a moment, the field in which that new generation must take up the responsibilities of leadership.

Today American industry has learned how to organize and equip to produce an unfailing volume of products which appeal to universal human desire. American industry knows today something of how to distribute their vast flow into myriad homes. Through staggering expenditures for advertising, American industry is able to stimulate individual desire for ownership. In all these processes, restless change, evolution, perfected experience, produce a constant ferment.

Moreover, fundamentally, there is a new hazard in the development and conduct of all industry. A flash of inventive genius or patient laboratory research may flower over night to the injury or entire displacement of established methods.

In the census of 1930, a score of classified

industries that existed as late as 1920 will not appear because they have been reduced to insignificance by the march of inventive industry. The blacksmith, the wheelwright, the livery stable have no longer any place in the active roll of American industry. So have practically gone phonographs, wood engraving, whips and carriage materials, corsets, feathers and plumes, and wooden goods. Thousands of instances will occur at once to you who touch industry at many points.

Within this last generation, cotton textiles, which for 2,000 years had clothed the known world, faced a new bewilderment as the buying power of our people rose from cotton to silk under the increased earnings of our modern industry. Yet, almost at once, again, silk, the age-old aspiration of affluence, apparently seated firmly on the throne of women's fashion favor, found itself battling for existence against the large scale production of artificial rayon perfected by patient laboratory science.

Coal has for countless centuries been the driving source of energy which has advanced the human race. Yet it too faces the worldwide problem of shrinkage and displacement. Scientific methods now produce more energy from a smaller quantity of coal.

There is a new competition of gas and oil and hydro-electric energy.

The distribution of the country store, with its 8-mile horse radius of trade, faces today the damaging attraction of the greater selectivity of the city store with its 100-mile auto radius. The city stores again are handicapped by congested streets and develop, in self-preservation, new bridges in selling methods, until one department store averages 18,000 sales by telephone daily.

The automobile industry, secure in the knowledge that it produces probably the greatest single object of human aspiration ever known in history, plans its production plants in a demonstrated cycle of replacement and finds that cycle out of gear because, again, laboratory science produces a more lasting paint and finish, thus postponing the day of conversion into a new vehicle.

The radio develops in this generation, and its competition must be measured and met by the telegraph, the phonograph, the piano, the orchestra.

Agriculture, almost in a single day, finds a lessened demand for wool because of the closed car and the automatic heater in the home—and a lessened demand for cotton

by the substitution of silk and rayon,—and an elimination of the annual fodder production of 25 million acres because the horse has been superseded by the motor. Yet, industry relents enough to aid by creating a buying power that affects the American table and there is a new market for quality food and concentrated dairy products, requiring more acres for production than the simpler phase of cereal consumption.

Transportation itself, which might justly deem itself secure upon the necessities of a rising tide of production and distribution, has faced in its past, and still faces today, its own peculiar problems. The administration of railroad transportation today is no longer the exercise of physical qualities which drive the lines of rails across the prairies or blast a narrow track through mountain passes. These qualities must be accompanied today by a less spectacular but more effective practice of sound judgment, keen appraisal and adaptability. The record of railroad transportation in this country is one of great honor. American railroad management has led the world in adapting to transportation new principles of modern practice. The earlier freight car of 70 per cent non-productive load is replaced today by special types which

carry instead 90 per cent of revenue producing cargo. Larger units of power, improved combustion, new types of cars, both passenger and freight, large capital ventures in straightening rights-of-way, reducing grades, laying heavier rails for heavier loads,—all these have shown open-minded resourcefulness, worthy of honor.

**A**LL this development back to the covered wagon days must be preserved in future progress by the same alert managerial qualities. The shadow of new competition to be measured and met rests on railways with their natural monopoly under public control, as it rests on other forms of industry, free of that control. Airway competition, motor bus and motor truck competition on the thickening web of public roads built by public moneys, waterways publicly maintained for private carriers, rightly or wrongly,—all may prove to be destructive rivals, or perhaps instead helpful feeders—Who knows yet?

On every hand, new problems,—chain banks, chain stores, chain utilities, and chain newspapers, all ferment in a great flux to prove their right to survive by the age-old process of trial and error.

No business executive may safely rest upon his oars of past achievement. No lookout may slumber at his post. Open-mindedness for suggestions, skill and judgment in appraisal of new forces, energy and resourcefulness in measuring and meeting new competition—they are the qualities which preserve healthful industry and even they may actually fail in so vast a tide.

Moreover, under the developed ethics and standards of modern industry with its new appreciation of social responsibility as well, there can be no narrow view for ruthless self-preservation alone. Industry must have healthful earnings or it cannot maintain itself and certainly cannot play its proper part in maintaining service which has become an industrial obligation and not merely an empty term. Thus comes into play a new challenge to management capacity, a supreme appeal to balanced judgment such as no business era of the past has yet demanded of executives.

SINCE living has in this last decade become so complex resting upon its higher basis of wages and earnings; since employing industry depends for its expanding markets on the aggregate expenditure of millions of buyers, there is a new responsibility to

maintain that aggregate buying power. Management interest in capital and its earnings marches hand in hand with responsibility to employees taught to expect higher standards almost as their right.

Today the American business structure of this country is barely 10 per cent below the peak prosperity of a year ago. That fall of 10 per cent, unmatched by counter measures means throughout the whole industrial fabric a fall from full employment to thousands of instances of individual distress, a change in industry's balance sheets from black to red, a lowering of confidence and enterprise in both employer and employee ranks.

We have earned a leadership in production. We have perfected an era of distribution. We have schooled one hundred and twenty million people to new aspirations, and yet have not subjected to sober study and devoted effort the maintenance of full industrial activity. Are we to admit in ourselves something short of those qualities which justify leadership?

Industry must welcome the advances of invention; industry must enroll machinery and power equipment; and industry must do these things because more and more

things to divide among America's homes means the rising level of possession and content. But industry must, in its own self-interest, and because it has a quickened sense of social responsibility, study devotedly the means by which machine and power displacement of the worker is offset by applying to that problem the same study and administrative genius which has advanced industries to these heights. More is being done in America along this line than the public yet realizes.

Those units which are most fortunately placed by reason of the protection of patents or trade mark security naturally lead the way. Stabilization of employment and equalization of operation have become live questions for business leadership, and their solution is advancing.

Today, in America and throughout the world, we face a period of doubt and hesitation. Surpluses of commodities that move in world trade have pressed price levels in many lines to the depression point. Wheat of America, Canada, Argentine and Australia has lost the stimulative price of a year ago. Cotton of America and India and Egypt has entered the price level of discouragement. Copper of Africa, South America,



Canada, and the United States has reached the level of loss for marginal producers. Cattle of Argentine and sheep of Australia present an unprofitable level of trade balances in international commerce.

But all of these surpluses are of such small per cent of total production that a rise in the living standards of Europe approaching those of America would absorb these surpluses and call for stimulative production.

If wage scales produced the same table standards in Europe as in America, the crop areas of Europe would be inadequate to graze and feed the dairy stock and meat animals thus required. Europe would have to substitute acres to concentrated foods and shift its grain dependency to the areas of new countries overseas, like Canada, Argentine and Australia, and our own great West. If incomes and living standards could be raised in a country like China, think what it would mean to American producers.

If one believes that modern industry will have no turning back, but rather a steady rise to new achievement, if one believes that elsewhere the process of increasing wage scales and enlarged buying power and consumption must inevitably take place, then, in the long view, one may realize that the

depression of surplus production will in time be lifted from the world.

**T**HE problem, then, is how to expedite that day and, in the meantime, how to hold steady the industrial practices until by emulation they lift the buying power of great populations. These are vital economic truths. They can be understood by American people; they must be taught and they must be put in practice with such manifest devotion to business prosperity and social advance combined that there will be no question of their dislocation by untimely interference of state theories.

The same qualities which envisioned and created this facility of community and business service are the qualities which can find the balance between the healthful and prosperous conduct of industry and the justification of its social measures.

And in the long view it is unthinkable to doubt that a people of high intelligence, of universal education, schooled to observe and to think by all the devices of modern industry—the motion picture, the radio, the perfected daily press—shall not be able to understand and to preserve the practices and the philosophy of modern industry.



